

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF DOE VALLEY)	
UTILITIES, INC., FOR A RATE)	
ADJUSTMENT PURSUANT TO THE)	CASE NO. 10359
ALTERNATIVE RATE FILING)	
PROCEDURE FOR SMALL UTILITIES)	

O R D E R

On August 24, 1988, Doe Valley Utilities, Inc. ("Doe Valley") filed an application with the Commission seeking to increase its rates pursuant to the Alternative Rate Filing Procedure for Small Utilities. The proposed rates would generate approximately \$34,220 annually in additional revenues, an increase of 134 percent over normalized test year revenues from water sales of \$25,458.

On September 22, 1988, the Commission Staff ("Staff") conducted a field review of Doe Valley's test-period financial records. Staff issued its report October 24, 1988 containing recommendations for a \$29,134 increase in revenues. On November 14, 1988, Doe Valley filed a letter in which it stated its acceptance of Staff's findings and recommendations.

Neither Doe Valley nor the Commission sought a hearing in this matter. There were no intervenors and all requested information has been filed.

After careful review and examination of Staff's recommendations, the Commission is of the opinion that after

Staff's proposals are implemented Doe Valley will have revenues sufficient to meet its operating expenses and provide for future equity growth. Therefore, the Commission affirms Staff's recommended increase of \$29,134.

RATE DESIGN

In its application, Doe Valley proposed to change its present rate design. In its report, Staff recommended denial of the change in rate design, but recommended that the final three rate increments be consolidated into one.

The Commission, after consideration of the evidence of record and being advised, is of the opinion and finds that:

1. The recommendations and findings contained in the Staff Report should be adopted as the findings of the Commission in this proceeding.

2. The rates proposed by Doe Valley should be denied.

3. The rates in Appendix A are the fair, just, and reasonable rates to be charged by Doe Valley and should produce annual revenue from water sales of \$54,592.

4. Within 30 days of the date of this Order, Doe Valley should file with the Commission its revised tariff setting out the rates approved herein.

BE IT SO ORDERED.

Done at Frankfort, Kentucky, this 1st day of December, 1988.

PUBLIC SERVICE COMMISSION

Chairman

Robert M. Davis

Vice Chairman

Spencer W. Williams

Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 10359 DATED 12/01/88

The following rates and charges are prescribed for the customers in the area served by Doe Valley Utilities, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Rate Increments

First 3,000 gallons
Next 4,000 gallons
Over 7,000 gallons

Rate

\$7.85 Minimum Bill
2.10 per 1,000 gallons
2.00 per 1,000 gallons